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Message Text

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47
ACTION ARA-10

INFO OCT-01 ISO-00 ARAE-00 EB-07 SS-15 SP-02 NSC-05 SSO-00

NSCE-00 CIAE-00 INR-07 NSAE-00 INRE-00 DHA-02 PRS-01

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---------- 078184
O 051750Z MAY 76 ZFF4
FM AMEMBASSY SANTIAGO
TO DEPT OF TREASURY WASHDC IMMEDIATE
SECSTATE WASHDC IMMEDIATE 8875

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TREASURY FOR PARSKY FROM BOYATT

EO 11652: N/A
TAGS: PFOR, SHUM, CI, US
SUBJ: SIMON VISIT: CHILEAN MEDIA REPORTS STATE-TREASURY SPLIT

REF: SANTIAGO 4173

1. FOLLOWING IS EMBASSY TRANSLATION UPI DESPATCH PUBLISHED MAY 5 IN "EL MERCURIO," GOC-OWNED "CRONISTA" CARRIED ABBREVIATED VERSION OF SAME STORY.

2. UPI VERSION OF VISIT OF W. SIMON, WASHINGTON, MAY 4, UPI

SECRETARY OF THE TREASURY SIMON'S VISIT TO CHILE NEXT THURSDAY (SIC) BRINGS INTO THE OPEN DIFFERENCES BETWEEN HIGH TREASURY OFFICIALS AND INTERMEDIATE LEVELS OF THE STATE DEPARTMENT OVER THE PROBLEM OF CHILE.

SIMON AND OTHER HIGH TREASURY OFFICIALS HAVE FOLLOWED WITH INTEREST THE ECONOMIC AND FISCAL STEPS TAKEN BY THE GOC AND BELIEVE THAT THESE POLICIES ARE WELL DESIGNED AND BEGINNING TO BEAR FRUIT. BUT, THEY BELIEVE THAT IT IS NOT POSSIBLE TO SHOVE ASIDE THE PROBLEM OF POLITICAL DISSIDENTS. EVEN MORE,
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IF CHILE IS GOING TO ACHIEVER CLOSE ECONOMIC

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RELATIONSHIP WITH THE US IT IS NECESSARY TO REMOVE THIS
BURR WHICH IS CAUSING IRRITATION IN AMERICAN PUBLIC AND
CONGRESSIONAL OPINION.

CHILE CAUGHT SIMON'S EYE WHEN HE MET WITH MINISTER OF FINANCE
JORGE CAUAS, ASSISTANT SECRETARY BUSHNESS AND CHILEAN
AMBASSADOR TRUCCO ON APRIL 8. SIMON EXPRESSED INTEREST IN
GOING TO CHILE TO VERIFY FIRST HAND THE REPORTS AND
OBSERVATIONS RESTING ON HIS DESK ABOUT CHILE'S ECONOMIC AND
FISCAL SITUATION. CAUAS IMMEDIATELY INVITED HIM.

THIS IS THE FIRST TIME THAT A HIGH US OFFICIAL HAS
INTERESTED HIMSELF IN THE CHILE PROBLEM WITH A VIEW TO
REACHING PRACTICAL SOLUTIONS ACROSS THE BOARD. HOWEVER,
IT WAS NOT SIMON'S FIRST GESTURE IN THIS REGARD. HIS FIRST
SUCCESS CAME APRIL 2 WHEN IN A HEATED DEBATE BEHIND CLOSED
DOORS ON THE HILL, A CONFERENCE COMMITTEE REJECTED THE
KENNEDY AMENDMENT WHICH WOULD HAVE ELIMINATED MILITARY AID
TO CHILE -- THE FIRST STEP IN CLOSING OFF ECONOMIC ASSISTANCE
AND INCREASING CHILE'S DIFFICULTIES IN OBTAINING LOANS FROM
IFI'S.

SIMON'S ATTITUDE CONTRASTS WITH THAT OF SOME INTERMEDIATE
OFFICIALS IN THE DEPARTMENT OF STATE WHO HAVE MADE THE SUBJECT
OF PRESUMED HUMAN RIGHTS VIOLATIONS A MAJOR ISSUE. STRAIN
HAD REACHED SUCH A POINT THAT RELATIONS BETWEEN THE STATE
DEPARTMENT AND CHILEAN GOVERNMENT HAD REACHED AN ALMOST CRITICAL
POINT.

APRIL 19, TRUCCO WAS CALLED TO THE DEPARTMENT BY ASSISTANT
SECRETARY FOR I-A AFFAIRS, WILLIAM D. ROGERS, TO RECEIVE A
PROTEST ABOUT SUPPOSED VIOLATIONS OF HUMAN RIGHTS. THE ACID
WORDS EXCHANGED BECAME PUBLIC KNOWLEDGE. MOREOVER, A LIST
OF 130 POLITICAL PRISONERS COMPILED BY THE DEPARTMENT WAS
STRONGLY OBJECTED TO BY CHILE.

MANY OF THESE ALLEGED PRISONERS, ACCORDING TO DIPLOMATIC
SOURCES, HAD NEVER BEEN DETAINED; OTHERS HAD BEEN FREED;
AND NOT A FEW OF THE REST ARE MEMBERS OF THE COMMUNIST PARTY
WHICH US IMMIGRATION LAWS EXCLUDE FROM THE US.
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IT IS SUPPOSED THAT GIVEN THE CONTENTIOUS SITUATION SIMON
MUST HAVE CONSULTED PRESIDENT FORD AND, AT THE LEAST,
BROUGHT IT TO THE ATTENTION OF SECRETARY KISSINGER.
WILLIAM SEIDMAN, PRESIDENT ADVISER FOR ECONOMIC AFFAIRS,
WHO WILL ACCOMPANY SIMON LENDS CREDENCE TO THIS SUPPOSITION.
BOYATT

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